

Code Compliance

— guidelines on Seattle regulations governing safety and quality of life

Condominium Conversion: A Guide for Tenants, Prospective Buyers and Owners

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The conversion of apartments to condominiums is governed both by Washington state laws and by Seattle ordinance. State law gives tenants the chance to buy their own unit, and assures that all buyers are informed of the responsibilities and costs they incur when they purchase a condominium. State law also insures that tenants receive notice of the conversion, and are offered the chance to buy their unit, at least 90 days before they can be required to move.

If you own property that you are considering converting, you should review the State Condominium Act (Revised Code of Washington [RCW] 64.34) for detailed state requirements.

Seattle's Condominium Conversion Ordinance (Seattle Municipal Code [SMC] 22.903) requires condominium developers to provide financial help to eligible renters who are forced to move when their apartments are converted to condominiums. It also requires that the building be inspected for defects before any units can be sold.

The Condominium Conversion Ordinance is administered by DPD Code Compliance staff, located on the 19th floor of Seattle Municipal Tower at 700 Fifth Ave., (206) 615-0808.

TENANT PROTECTION

When are tenants notified that their building is being converted to condominiums?

State law requires landlords to notify tenants of a condominium conversion at least 90 days before a tenant can be required to vacate. The owner or developer must notify tenants which units are for sale, and must give them certain financial disclosures specified in state law concerning purchasing and owning a unit.

Project developers may file a declaration of conversion with the King County Records Division either before or after offering units for sale. In some cases, the filing of a declaration may occur months before any units are offered for sale. Regardless of when the declaration was filed, a tenant must receive written notice of the conversion and the offer to buy his or her own unit at least 90 days before he or she can be required to move.

For details on tenants' rights under the State Condominium Act, please consult RCW 64.34.

How long may tenants occupy their apartments once they have received the notice of conversion?

Tenants having month-to-month rental agreements have a right to stay at least 90 days after receiving notice of the conversion. The owner may require tenants to move at the end of the 90-day period or may prefer to continue renting until the units have sold.

If the notice of conversion specifies that a unit must be vacated at the end of the 90-day period, then the tenant must move out by that date. If no specific requirement to move is stated, then the tenant does not have to move until the owner issues a written termination of tenancy notice that complies with SMC 22.206.160.C.1.i.

Who receives relocation assistance? How much is it?

After giving the 90-day notice, developers must pay \$500 to eligible tenants who move out and do not buy

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their unit. This relocation assistance must be paid on or before the date the tenant vacates the unit. To be eligible, a tenant household must earn less than 80% of the median income of Seattle, for a household of a given size. Income limits are as follows:

Household Size	Maximum Monthly Income
1 person	\$3,383
2 persons	\$3,866
3 persons	\$4,350
4 persons	\$4,833
5 persons	\$5,220
6 persons	\$5,608
7 persons	\$5,991
8 persons	\$6,379

These figures change periodically. To verify current eligibility limits, please contact DPD Code Compliance staff at (206) 684-7979.

Eligible tenants who vacate their apartment any time after receiving the 90-day notice must be paid relocation assistance. The relocation assistance payment is in addition to damage deposits or other refunds to which the tenant is entitled. The landlord may, however, deduct unpaid rent or other amounts owed by the tenant from the relocation assistance. It may be necessary for the landlord to document these charges.

What protection do tenants have from being evicted before and during the conversion process?

Under state law, during the 90-day notice period tenants may be evicted only for the following three reasons:

- Failure to pay rent;
- Conduct that disturbs other tenants' peaceful enjoyment of the premises; and
- Causing waste or damage, or creating a nuisance.

These reasons are more limited than those allowed by Seattle's Just Cause Eviction Ordinance. In addition, during the 90-day notice period, state law does not allow the terms of tenancy, including the amount of rent, to be changed. (See CAM 604, *Seattle Laws on Property Owner and Tenant Rights and Responsibilities* for more information on the Just Cause Eviction Ordinance.)

BUYER PROTECTION

What assurance do buyers have that the building is in good condition?

Seattle's Condominium Conversion Ordinance requires that the owner have the property inspected for compliance with the Housing and Building Maintenance Code (HBMC) requirements by the DPD Code Compliance Division. This must be done before the owner delivers any offering statement or condominium conversion notice to tenants. All HBMC violations must be corrected at least 7 days before the first closing of the sale of a unit, or by the compliance date stated in any Notice of Violation issued as a result of the inspection, whichever is sooner. The inspection report must be delivered to all prospective purchasers, including tenants, along with the public offering statement and the condominium conversion notice.

What guarantees do new owners have that major repairs won't be needed immediately?

For a period of one year, developers must warrant all repairs and improvements made to correct code violations revealed by the HBMC inspection. City law requires that the developer establish an escrow fund for this purpose within thirty days after the first sale of a unit. The amount in this fund must be 10% of the cost of the repairs and improvements that were needed to bring the property into compliance with the HBMC. If repairs are needed after a unit is purchased, escrow funds can be used to pay for such repairs only after the developer has been advised in writing of a problem and has failed to complete repairs in a reasonable time. Even if the escrow fund is used entirely, the developer may still be liable for repairs. Any money remaining in the fund after one year is returned to the developer.

CONDOMINIUM CONVERSION PROCEDURES

Developers unfamiliar with the City's Condominium Conversion Ordinance should contact DPD Code Compliance staff at (206) 615-0808 to review city requirements. In addition, developers should review state requirements (RCW 64.34). The following is a brief summary of some of the details of converting rental housing to condominiums:

Filing a declaration: The developer may initiate the conversion process by filing a declaration to convert pursuant to the Condominium Act (RCW 64.34) with the King County Records and Elections Office at (206) 296-5117.

Housing Code inspection: Before offering any units for sale, the developer must have the entire premises subject to conversion inspected by a City of Seattle housing code inspector. The inspection is scheduled after the developer fills out an inspection request form and returns it with the required inspection fee. DPD is required to make the inspection within 45 days of the request. Checks should be made payable to the City of Seattle. Forms and fee information are attached to this Client Assistance Memo. For more information call Code Compliance at (206) 615-0808.

Required repairs: The developer will receive a written inspection report within 14 days of completion of the inspection. The inspection will cover the major systems and components of the building, including shelter, heating, electrical systems, fire safety, and security. If no violations are discovered, a certificate indicating no repairs are required will be issued. If violations are discovered, the report will be titled "Notice of Violation" and will list items that need to be brought into compliance with the HBMC.

All of the HBMC violations revealed by the inspection must be corrected at least 7 days prior to the first closing of the sale of any unit or by the compliance date on the inspection report (Notice of Violation), whichever is **sooner**. Corrections are required even if the developer decides not to complete the conversion process. Once the corrections are completed, a Certificate of Repairs will be issued by DPD.

Offering units for sale: The developer may begin offering the units to the tenants **after** receiving the HBMC inspection report. The following is a partial list of disclosures that must be given to tenants and other prospective buyers. Developers planning a conversion should consult the State Condominium Act (RCW 64.34) for complete details about these and other requirements.

- The Notice of Condominium Conversion and public offering statement, and a copy of the written inspection report. A copy of the Certificate of Repairs must be given to the purchaser before the closing of any sale;
- Copies of documents the owner has filed with any governmental agency as required by the State Condominium Act (Chapter 64.34 RCW);
- Itemization of repairs and improvements that were made during the 6 months prior to the offer of sale, and those that will be made prior to the close of sale;
- Statement of services and expenses paid by the building owner that will be terminated or transferred to unit owners;
- Estimates of the useful life of the building's major components and mechanical systems and of the cost to repair any which have a useful life of less than 5 years;
- Itemization of the monthly costs of owning each unit, including loan payments, taxes, insurance, utility costs, and other relevant expenses.

Relocation assistance: Condominium developers must pay \$500 relocation assistance to an eligible tenant **on or before** the date the tenant vacates his unit. Developers should make allowances for this requirement in their financial planning.

Certifying required repairs: The developer may close the sale of an individual condominium unit only after all items listed on a Notice of Violation have been certified as corrected and after receipt of the Certificate of Repairs from DPD. The developer must give each purchaser a copy of the Certificate of Repairs at least 7 days prior to the closing of the sale.

Warranty of required repairs: Within 30 days after the sale of the first unit, the developer must establish an escrow fund equal to 10% of the cost of all warrantable repairs and improvements to the property. All repairs and improvements required by the HBMC inspection are warrantable for 1 year. Location of the escrow fund must be made known to all condominium unit owners and to the owners' association.

INSPECTION FEES

Effective January 1, 2005, the fee for advisory inspections requested pursuant to the Housing and Building Maintenance Code—or for inspections required by the Condominium Conversion Ordinance—is charged at the rate of two and one-half (2.5) times the Base Fee for inspecting a building and one housing unit PLUS a charge at the rate of one-half (.5) times the Base Fee for inspecting each additional housing unit in the same building.

Examples

Sample fee calculations for **one building** with varying numbers of units:

1-Unit Fee:

$$2.5 \times \$155 \text{ (base fee)} = \$387.50$$

10-Unit Fee:

$$2.5 \times \$155 \text{ (base fee)} + 9 \text{ additional units} \times \$77.50 \text{ (0.5 base fee)} = \$1,085$$

20-Unit Fee:

$$2.5 \times \$155 \text{ (base fee)} + 19 \text{ additional units} \times \$77.50 \text{ (0.5 base fee)} = \$1,860$$

If there are **two buildings** each containing 10 units, then the fee for each building would be the 10-unit fee listed above times the number of buildings.

No additional fee will be charged for one follow-up inspection, if requested. If more inspections are required, the fee will be calculated at \$155.00 for the first unit and \$38.75 for each additional unit.

GETTING MORE INFORMATION

The Condominium Conversion Ordinance is available from the DPD Public Resource Center, located on the 20th floor of Seattle Municipal Tower at 700 Fifth Ave., (206) 684-8467. It is also available on DPD's website at **www.seattle.gov/dpd/codes**.

If you have questions or need additional information, please contact the DPD's Code Compliance Division at (206) 615-0808, visit them on the 19th floor of Seattle Municipal Tower at 700 Fifth Ave. in downtown Seattle, or visit **www.seattle.gov/dpd/csc**.

Access to Information

Links to electronic versions of DPD **Client Assistance Memos (CAMs)** and other helpful publications are available on our website at **www.seattle.gov/dpd/publications**. Paper copies of these documents are available from our Public Resource Center, located on the 20th floor of Seattle Municipal Tower at 700 Fifth Ave. in downtown Seattle, (206) 684-8467.

**REQUEST FOR CONDOMINIUM CONVERSION (SMC 22.903) or a
COOPERATIVE CONVERSION (SMC 22.902) HOUSING CODE INSPECTION**

INSTRUCTIONS

1. Fill in the appropriate information in the blank spaces below and on reverse.
2. Calculate the inspection fee (see Section G).
3. Deliver the completed form and applicable fee, **EITHER** by mailing both to:

Department of Planning and Development
Code Compliance Division
700 Fifth Avenue, Suite 2000
P.O. Box 34019
Seattle, WA 98124-4019

OR:

In person, by visiting the Code Compliance Division, located on the 19th floor of the Seattle Municipal Tower at 700 Fifth Ave.

Date: _____

A. There _____ a _____ conversion of the building(s)
(was/will be) (condominium/cooperative)

located at _____
(address)

commonly known as _____
(project name)

B. In compliance with Section 22.903.040 or Section 22.902.150 of the Seattle Municipal Code as applicable, I, as developer or developer's agent, am requesting a Housing Code inspection of the entire building(s) identified as

_____ address (if portion(s) of project address)

which contain(s) the rental unit(s) to be sold. The total number of buildings in the project to be inspected is _____, and the total number of units in those building(s) that are to be inspected is _____.

C. If a decision is made to sell any units, I acknowledge that a copy of the Housing Code Inspection Report (Notice of Violation) and other notices and disclosures, enumerated in the Condominium Conversion Ordinance or the Cooperative Conversion Ordinance, as applicable, must be provided to all tenants and subtenants of the entire project, as well as to prospective public purchasers. I also acknowledge that all noted violations of the Housing Code must be corrected at least seven days prior to the closing of the sale of the first unit in the project or by the compliance date established in the Inspection Report, whichever is earlier.

D. For the purposes of correct legal citation in the Inspection Report, please use the following (or the attached) legal description:

E. Also, please use the following listed separate names and complete addresses of all ownership interests in the project, including corporate officers where the developer is a corporation.

F. The Housing Inspector is authorized to gain access to the building(s), including to each housing unit, in order to make his or her inspection by contacting:

_____	_____
<i>(name)</i>	<i>(address)</i>
_____	_____
<i>(convenient time and date)</i>	<i>(telephone)</i>

G. A check payable to the City of Seattle in the amount of \$_____ is attached, based on the current inspection fee of **\$387.50** for the first unit and **\$77.50** for each additional unit, for each building to be inspected. **Example:** If there are 2 buildings each containing 10 units, then the fee for each building is \$1,085.00 (\$387.50 + [9 x \$77.50]). See additional examples on page 4 of CAM 602.

_____	_____
<i>(signature of requesting party)</i>	<i>(mailing address if other than above contact person)</i>
_____	_____
<i>(printed or typed name)</i>	<i>(telephone)</i>